

V I R G I N I A:

BEFORE THE OIL AND GAS CONSERVATION BOARD

IN RE:

Application of Equitable Resources Exploration Company
for Pooling of Interests in a Drilling Unit
Affected by Well Number V-1942, VGOB 91-1015-153 in the
South Lick Magisterial District of Dickenson County, Virginia

This cause came on this 15th day of October, 1991, upon the application of Equitable Resources Exploration Company requesting that this Board pool the interests of conventional oil and gas owners in the formations underlying Well V-1942, VGOB 91-1015-153, as shown on the attached plat in the South Lick Magisterial District of Dickenson County, Virginia. Notice of the filing of the application herein and of the time, date and place of the hearing thereon was duly and properly given to each owner of record having an interest in the oil and gas underlying the tracts within the drilling unit covered hereby as required by Section 45.1-361.19, Code of Virginia, 1950 as amended. The Board examined the Notice as given and further conducted inquiry into the sufficiency of Equitable Resources Exploration Company's search to determine the names and whereabouts of owners who may be affected by the pooling of conventional oil and gas interests in the drilling unit involved herein. The Board finds that Equitable Resources Exploration Company has exercised due diligence and has conducted a meaningful search of reasonably available sources at hand, including, but not limited to grantor/grantee indexes, will records, tax record, local telephone books, conversations and correspondence with interested parties and other available sources.

The Board hereby approves the notice given, by publication and otherwise, as meeting the statutory requirements, rules of the Board and minimum standards of state and federal due process, and finds that notice has been given in all respects as required by law and the rules of this Board.

Based upon the evidence presented, the Board finds that Equitable Resources Exploration Company has acquired conventional oil and gas leasehold interests in the drilling unit as described in the map, which is attached hereto as Exhibit "A" and made a part hereof, and has the right to conduct operations on its conventional oil and gas leasehold interests. Based on the evidence presented, the Board finds that the following named persons are owners of conventional oil and gas interests, who have not voluntarily agreed to pool their interests in the drilling unit involved herein for its development and operations:

1. Frances Boyd, widow, c/o Nolan Rasnick, 8481 SE 132nd Lane, Summerfield, FL 32691
2. Asa C. Rasnick & Hazel Rasnick, 581 Douglas, Chula Vista, CA 92010
3. Edgar M. Rasnick, Edith Rasnick, 384 Lynn Drive, Marion, OH 43302
4. Nolan C. Rasnick, Arbutus Rasnick, 8481 SE 132nd Lane, Summerfield, FL 32691
5. Leah Sutherland, James E. Sutherland, 25 Constitution Road, Pylesville, MD 21132
6. Dosa Mae Turner, John Turner, 2180 Claus, Vermillion, OH 44809
7. Cecil C. Childress, widower, 5150 Golden Gate Avenue, Oakland, CA 94618
8. James Jackson, address unknown

9. James N. Jackson, c/o Fred C. Jackson, 8 Tarpon Avenue, Ashville, NC 28806
10. Teresa Mann, Harold Mann, Post Office Box 233, Lakeville, KY 14480
11. Jerry R. Trimble, Ann Trimble, Post Office Box 45, Ivel, KY 41642

Based upon the evidence presented, the Board finds that, in order to avoid the drilling of unnecessary wells, prevent the various types of waste of conventional oil and gas and protect the correlative rights of all owners with respect to the pools in the drilling unit involved herein, the gas and oil owners involved who have not heretofore reached an agreement with respect to development and operation of the drilling unit covered hereby shall be required to pool their conventional oil and gas interests and develop the pools in this drilling unit, upon the terms and conditions set out in this order, all of which terms and conditions are found, after consideration of the evidence presented in this cause, to be supported by substantial evidence and to be just, reasonable and equitable and such as will afford each owner in this unit the opportunity to recover or receive each such owner's just and equitable share of production from this unit.

Based upon the evidence presented at the public hearing in this matter, the Virginia Gas and Oil Board orders as follows:

(1) The conventional oil and gas interests of owners, as named above, in this 125.66-acre drilling unit established in the lands involved as shown on the survey attached hereto as Exhibit "A" are hereby pooled for the development and operation of this

unit. Equitable Resources Exploration Company is hereby authorized to drill, complete and operate a well in this drilling unit so as to produce oil and gas from the pooled acreage, consistent with the terms and provisions of its applicable well work permit.

(2) Each gas and oil owner involved herein, other than Equitable Resources Exploration Company, shall, within 30 calendar days after the date of receipt of this Order, deliver to Equitable Resources Exploration Company, a written election either to participate in the operation of the well covered hereby or to exercise such owner's right of election under this order as described below. A timely election shall be deemed to have been made if an owner, on or before the last day of such 30 calendar day period, has sent such written election by telegram or telegraph to Equitable Resources Exploration Company at Two Executive Park Place, 1989 East Stone Drive, Kingsport, TN 37660, (615) 378-5101 or has had such written election duly postmarked and has placed such written election in the United States mail, first class, postage prepaid, duly addressed to Equitable Resources Exploration Company at the address set forth above. The alternatives afforded to the owners of oil and gas interests herein pooled are set forth below.

Each gas and oil owner herein pooled owning a conventional oil and gas interest as to the formations underlying the proposed drilling unit from any tract within the drilling unit involved herein is accorded the following options as to such interest:

A. Participation: To participate in the working interest in and the development of the formations in the drilling unit involved herein by agreeing to pay such owner's proportionate part of the actual cost of drilling, completing, equipping, operating, plugging and abandoning of the well covered hereby and by paying as set forth herein, to Equitable Resources Exploration Company such owner's proportionate part of the \$259,885 estimated cost of drilling, completing, equipping, operating, plugging and abandoning of the proposed well covered hereby. A participating owner's proportionate part of the anticipated cost of completion and share of the production from such well shall be in the proportion that the number of net mineral acres in the unit covered by the oil and gas rights owned by such party bears to the entire number of mineral acres in this unit; or

B. Carried interest: In lieu of participating in the working interest in and the development of this drilling unit, as set forth in subparagraph (i) above, to elect to share in the operation of the well covered on a carried basis (as a carried well owner) so that the proportionate part of the actual cost of drilling, completing, equipping, operating, plugging and abandoning of such well allocable to such carried owner's interest is charged against such carried owner's share of production from such well. All of such carried owner's oil and gas rights in the conventional gas and oil pools in the drilling unit involved herein are relinquished under this order to Equitable Resources Exploration Company until the proceeds from the sale of the share of production

from such well accruing to such carried owner's conventional oil and gas interest in the drilling unit involved herein, exclusive of any royalty, excess or overriding royalty, or other non-operating or non-cost bearing burden reserved in any lease, assignment thereof or agreement relating thereto covering such conventional oil and gas interest, equals three hundred percent (300%) for a leased interest and two hundred percent (200%) for an unleased interest of the share of the cost of drilling and completing the well allocable to the oil and gas interest of such carried well owner; plus one hundred percent (100%) of the carried owner's share of the cost of surface equipment beyond the wellhead connection of such well allocable to the oil and gas interest of such carried well owner; plus one hundred percent (100%) of the share of the cost of operating such well allocable to the conventional oil and gas interest of such carried well owner. Such carried owner's proportionate part of the costs of, and the production from, the well covered hereby is to be in the proportion that the number of net mineral acres in the unit covered by the conventional oil and gas interest owned by such carried owner bears to the entire number of mineral acres in such unit. During the period of time Equitable Resources Exploration Company is entitled to receive such carried owner's share of production or the proceeds therefrom, Equitable Resources Exploration Company shall pay all applicable production, severance, excise, gathering and any other taxes based upon or measured by the value or amount of production and shall separately calculate and pay to such carried owner for

payment to the appropriate owner any royalty, excess or overriding royalty and any other non-operating or non-cost bearing burden reserved in any lease, assignment thereof or agreement relating thereto which is deducted from the share of production of such carried owner. Such royalty, excess or overriding royalty and other non-operating or non-cost bearing burden is not to be subject to any charge for operating costs. Payment by Equitable Resources Exploration Company to such carried owner of any such royalty, excess or overriding royalty or other non-operating or non-cost bearing burden shall be made within ninety (90) days after the end of the calendar month within which the production subject to such burdens is sold. Within sixty (60) days after the completion of the well covered hereby, Equitable Resources Exploration Company shall furnish such carried owner an inventory of the equipment in and connected to such well and an itemized statement of the cost of drilling, completing and equipping such well for production; and for each month thereafter, during the time Equitable Resources Exploration Company is being reimbursed as provided above, Equitable Resources Exploration Company shall furnish to such carried owner an itemized statement of all costs and liabilities incurred in the operation of such well, together with a statement of the quantity of conventional oil and gas produced therefrom and the amount of proceeds realized from the sale of the production allocable to such carried owner's conventional oil and gas interest in the unit during the preceding month. Equitable Resources Exploration Company shall also furnish to the State Gas and Oil

Inspector for the Commonwealth of Virginia, copies of the same statements furnished to each carried owner under the provisions hereof. Any amount realized from the sale or other disposition of equipment newly acquired in connection with any operation on the well covered hereby which would have been owned by such carried owner had such owner participated therein as a participating owner shall be credited against the total uncovered well costs in determining when the interest of such carried owner shall revert to such owner as described above. When Equitable Resources Exploration Company recovers from such carried owner's relinquished interest provided for above, the relinquished interest of such carried owner shall automatically revert to such owner, and from and after such reversion, such carried owner shall be treated as a participating owner and shall own the same interest in such well, the material and equipment in or pertaining thereto and the production therefrom, as such owner would have been entitled to had such owner participated initially as a participating owner in the drilling, completing and equipping of such well; and thereafter, such owner shall be charged with and shall pay the owner's proportionate part of the further costs of the operation of such well.

C. Cash Consideration: In lieu of participating in the working interests in and the development of the pools in the drilling unit involved herein, to elect to receive a sum of FIVE DOLLARS (\$5.00) per net mineral acre owned by such owner, plus a total royalty in the amount of one-eighth of eight-eighths (1/8 of

8/8ths) of the conventional oil, casinghead gas, gas and gas condensate produced from the well covered by this Order, the same to be delivered into the lease tanks or into the pipelines to which such well is connected, free and clear of all costs, expenses and risks incurred in or in connection with drilling, equipping, operating, completing, plugging and abandoning of such well. Any owner electing this option shall deliver under this Order a net revenue interest of 87.50% of 8/8ths of the conventional oil, casinghead gas, gas and gas condensate produced from the well covered by this Order, with such net revenue interest being determined by deducting from such owner's share of production the royalty provided for immediately above; and provided further, that such royalty of 1/8 of 8/8ths and such net revenue interest of 87.50% of 8/8ths shall be proportionately reduced and payable only in the proportion that the number of net mineral acres in the drilling unit covered by the conventional oil and gas rights owned by such owner bears to the entire number of mineral acres in this unit; or

(3) In the event a gas or oil owner, who is subject to the provisions of this Order, shall fail to timely and properly elect, in writing, one of the applicable options as set forth above, such owner shall be deemed to have elected not to participate in the working interest in the well covered hereby as to the pools involved herein and shall be deemed to have elected to lease his interest as provided in paragraph 2.C. above.

(4) In the event a owner of a conventional oil and gas lease or an owner of an unleased tract, who is subject to the provisions of this Order shall elect to act as a participating owner under 2(a), but thereafter fail or refuse to pay the payment of such owner's proportionate part of the cost of the well covered hereby as set forth in such provisions, such election to act as a participating owner under this Order shall be null and void and such owner shall become a carried owner consistent with the terms and provisions of this Order.

(5) Any gas or oil owner involved herein who has not appeared in response to the notice of hearing published pursuant to the provisions of Section 45.1-361.19, Code of Virginia, 1950, as amended, and whose identity or whereabouts remains unknown at the conclusion of the hearing conducted in this matter shall be deemed to have elected to lease his interest to Equitable Resources Exploration Company as provided in paragraph 2(c). Such owner's share of proceeds under the provisions of this Order, shall be paid to the Virginia Gas and Oil Board and Treasurer of Virginia and held in a separate escrow account for such owner's benefit. Such owner's share shall be deemed unclaimed property and shall be disposed of as provided in The Uniform Disposition of Unclaimed Property Act, Section 55-210.1, et seq., Code of Virginia, 1950 as amended. The State Gas and Oil Inspector shall receive any such funds and administer these designated accounts.

(6) Except as provided above, any cash bonus which becomes payable by Equitable Resources Exploration Company under the

provisions of 2.C., above, shall be paid or tendered within thirty (30) days after the date of this Order; provided, however, if the owner entitled to such funds releases the same, or if such owner's interest in the unit involved in this cause has a defect or cloud in the title thereto, or if such owner cannot be paid such funds for any reason whatsoever other than the reasons set forth in paragraph (5) above. Equitable Resources Exploration Company may deposit (credit) such funds due such party into an internal escrow account established in the accounting records of Equitable Resources Exploration Company and such funds shall be credited to such account for the benefit of such owner. Such funds so deposited (credited) in such escrow account shall be held for the benefit of the owner entitled thereto until such funds can be paid to such owner, or such owner accepts such funds, or until such title defect or cloud is cured or removed to the satisfaction of Equitable Resources Exploration Company.

(7) Equitable Resources Exploration Company, in addition to any other rights afforded such party under the laws of Virginia, shall have a lien on the mineral leasehold estate or rights owned by the other gas and oil owners involved herein in the unit covered hereby and upon their shares of the production from the well covered hereby to the extent that costs incurred in the development and operation of the drilling unit involved herein are a charge against such interests. Such liens shall be separable as to each separate owner and shall remain a lien until all costs incurred in connection with the well have been paid. Upon the failure or

refusal of any participating owner to pay such owner's proportionate part of any cost incurred hereunder in connection with the well covered hereby, Equitable Resources Exploration Company shall be entitled to receive the share of production from the well accruing to such defaulting participating owner's interest in the unit involved herein, or the proceeds from such share, until such proportionate part of such cost has been paid. No part of the production or proceeds accruing to any participating owner shall be applied toward payment of costs chargeable to any other interest in such unit. If any participating owner fails or refuses to pay such owner's proportionate share of the cost incurred hereunder in connection with the well covered hereby within sixty (60) days after rendition of a statement therefore by Equitable Resources Exploration Company, the non-defaulting participating owners, including Equitable Resources Exploration Company, shall, upon request by Equitable Resources Exploration Company, pay the unpaid amount in the proportion that the interest of each such non-defaulting participating owner bears to the total interests of all such non-defaulting owners. In such event, each non-defaulting participating owner so paying such owner's share of the unpaid amount shall, to obtain reimbursement thereof, be subrogated to the lien rights described above.

(8) If the well involved herein has not been commenced as of the date of this Order, Equitable Resources Exploration Company shall commence or cause to be commenced operations on such well within three hundred and sixty-five days (365) days from the date

of this Order and in any event, shall continue or cause to be continued operations under this Order with due diligence; otherwise, the provisions thereof shall be inoperative and this Order shall terminate, except for any cash sums becoming payable hereunder, unless the time of commencement of such operation is extended by an Order of the Board.

(9) Equitable Resources Exploration Company shall cause a copy of this Order to be mailed to the last known address of each gas or oil owner as listed in this Order within thirty (30) days of entry.

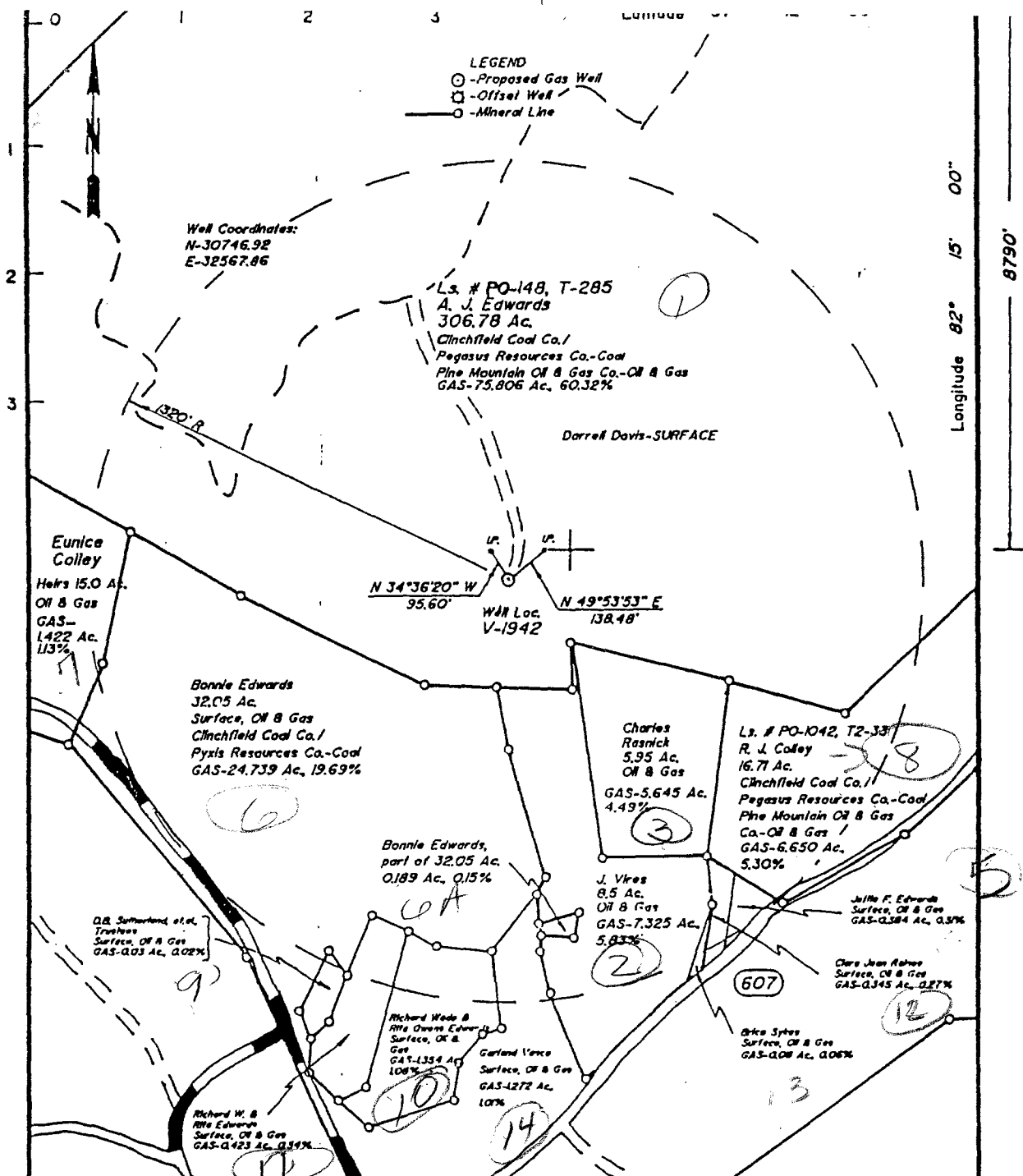
The relief granted by this Order is to avoid the drilling of unnecessary wells, prevent the various types of waste of oil and gas and protect the correlative rights of all owners with respect to the pools in the drilling unit involved herein.

Done and executed this 22nd day of December, 1991 by a majority of the Virginia Gas and Oil Board.

Bryce R. Wampler
CHAIRMAN

Done and performed this 22nd day of December, 1991, by Order of this Board.

Deborah L. Griffin
Principal Executive to the Staff,
Virginia Gas and Oil Board



COMPANY Equitable Resources Exploration

ADDRESS 1989 E. Stone Dr., Kingsport, TN 37660

WELL NAME V-1942

FARM A. J. Edwards **TRACT** T-285

LEASE NO. PO-148 **ELEVATION** 1667.53

ACRES 306.78 **QUADRANGLE** Haysi

COUNTY Dickenson **DISTRICT** Sand Lick

REG. ENGINEER X **REG. NO.** 6992

CERT. LAND SURVEYOR _____ **CERT. NO.** _____

FILE NO. _____ **DRAWING NO.** 2878

DATE March 4, 1991 **SCALE** 1" = 400'

This plat is X new _____ updated

This plat X is _____ is not based on a mine coordinate system established for the area of the well location.

FORM 5

WELL LOCATION MAP

WELL NO. V-1942

+ Denotes location of well on United States Topographic Map, scale 1" = 24,000', latitude and longitude lines being represented by border lines as shown.

BALDRIDGE

CERTIFICATION OF WELL PLAT

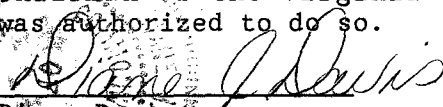
I, the undersigned, hereby certify that this plat is correct to the best of my knowledge and belief, and that it complies with the information required by law and the regulations of the Va. Well Review Board.

A. L. Baldridge

Registered Engineer or Certified Land Surveyor in Charge

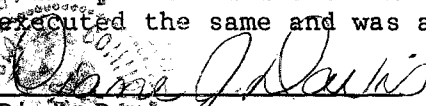
State of Virginia
County of Washington

Acknowledged on this 22nd day of November, 1991, personally before me a notary public in and for the State of Virginia appeared Benny Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Diane Davis
Notary Public
My commission expires 9/23/92

State of Virginia
County of Washington

Acknowledged on this 22nd day of November, 1991, personally before me a notary public in and for the State of Virginia appeared Byron Thomas Fulmer, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Diane Davis
Notary Public
My commission expires 9/23/92

VIRGINIA. In the Clerk's Office of the Circuit Court of Buchanan County. The foregoing instrument was this day presented in the office aforesaid and is, together with the certificate of acknowledgment annexed, admitted to record this 22nd day of November, 1991 3:28 P. M.
Deed Book No. 383 and Page No. 255

TESTE:  Clerk

3308

~~X~~

CLERK'S OFFICE CIRCUIT COURT
BUCHANAN COUNTY, VIRGINIA

Filed and admitted to record.

this 22nd day of Nov 19 91
at 3:28 o'clock P M.

Recorded Deed Book 383 Page 255

039 State Tax

213 County Tax

212 Transfer

301 Recording

518 Peds

038 State Tax

Sec. SR.1-902

220 Local Tax

Sec. SR.1-902

145 VSUF

1.00
24.00
25.00

Teste by Rife, Jr., Clerk

By _____ D.C.

Wm. J. Rife, Jr., Clerk